

HOUSE BILL REPORT

ESHB 1765

As Passed House:
February 13, 2006

Title: An act relating to auctioning vessels.

Brief Description: Allowing auctioneers to auction vessels without registering as a vessel dealer.

Sponsors: By House Committee on Commerce & Labor (originally sponsored by Representatives Chase, Newhouse, Eickmeyer, Buri, Appleton, B. Sullivan and Dunn).

Brief History:

Committee Activity:

Commerce & Labor: 2/21/05, 3/1/05 [DPS].

Floor Activity:

Passed House: 3/9/05, 96-0.

Floor Activity:

Passed House: 2/13/06, 96-0.

<p>Brief Summary of Engrossed Substitute Bill</p> <ul style="list-style-type: none">• Allowing auctioneers to auction vessels without registering as a vessel dealer.
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HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Sump, Assistant Ranking Minority Member; Crouse, Hudgins and McCoy.

Staff: Sarah Dylag (786-7109).

Background:

Auctioneers

An "auction" is defined, in part, as a transaction conducted by exchanges between an auctioneer and members of his or her audience. Auctioneer registration with the Department of Licensing (Department) is required under the Washington Auctioneer Registration Act (Act). The Act requires any person or company acting as a licensed auctioneer to have a certificate of registration. This provision does not apply to certain auctions, including auctions conducted by public authorities and auctions governed by the self service storage facilities law. Additionally, certain bidding methods are prohibited, and there are a variety of

additional contract and record keeping requirements that apply to conducting auctions and to auctioneers prior to, and for a period after conducting an auction.

Vessel Dealers

A "vessel dealer" means a person, partnership, association, or corporation engaged in the business of selling vessels at wholesale or retail in this state. A "vessel" includes every watercraft used or capable of being used as a means of transportation on the water, other than a seaplane. Vessel dealers are required to register with the Department, file a surety bond, and maintain an office in which to conduct business at the business address of the dealer. These provisions do not apply to certain dealers who sell watercrafts which are under a specific length, and which meet certain manufacture design specifications.

A vessel dealer must complete and maintain for a period of at least three years, a record of the purchase and sale of all vessels purchased or consigned and sold by the vessel dealer. Records must be available for inspection by the Department during normal business hours, and vessel dealers must also utilize trust accounts in certain circumstances where cash or negotiable instrument deposits exceed a specified dollar amount or will be held for a certain number of days.

Motor Vehicle Dealers

A motor vehicle dealer is a vehicle dealer that deals in new or used motor vehicles or both. A motor vehicle means every vehicle which is self propelled and every vehicle which is propelled by electric power obtained from overhead trolley wires, but not operated upon rails, and which is required to be registered and titled as a motor vehicle. Motor vehicle dealers are required to file a surety bond with the Department prior to obtaining a dealer's license, and to advise the Department of the names, locations and any subsequent changes in their business after obtaining a dealer's license. Additionally, dealers must meet certain contract requirements and complete and maintain records for vehicles purchased, sold, or leased by him or her for a period of five years.

Summary of Engrossed Substitute Bill:

An auction company, that is licensed as an auction company under Washington law and also licensed as a motor vehicle dealer under Washington law may sell at auction all vessels that a vessel dealer is authorized to sell, as long as the sale of vessels is incidental to the auction company's primary source of business. The length of any vessel sold must be no greater than 25 feet.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: For household and estate auctions, an auctioneer is needed to conduct the auction. The auctioneer must be licensed, and the costs that flow from this are large. The cost to obtain an auctioneer license is \$200, a real estate license is \$200, a motor vehicle license is \$750, and a vessel license is \$120. All these licenses are needed in conducting an estate auction where there are vessels involved. The total cost of conducting the auction then is \$1,280 plus all the surety bonds that are required to be posted under each of the licenses. These fees make it difficult to conduct this line of business. This bill would allow estate sales to be completed without bringing in someone with each or all of these licenses. Typically, there are two to four auctions of this type conducted per year.

Testimony Against: None.

Persons Testifying: Representative Chase; and Steve McMillan, Treasurer for the Washington State Auctioneers Association.

Persons Signed In To Testify But Not Testifying: None.